

# THE SOUTH.

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## *An Attempt to Indicate the Nature and the Cause of its Diseases and the Remedies for them.*

From the NEW YORK TRIBUNE, October 22, 1874.

*To the Editor of the Tribune:—*

SIR: When a locomotive has run off the track, one first-class mechanic with ten men to aid him will be more likely to get it on again than would fifty ignorant boors without the directing hand and the intelligence and ingenuity of such a mechanic. On a recent occasion the iron-clad *Independencia*, which was being built upon the Thames for the Brazilian Government, stuck on the ways in being launched, and was thereby, by reason of her immense weight, wrecked. It was thought probable by *The London Times* that it might be necessary to blow her to pieces with powder in order to get her out of the way. However, the intellect of one good mechanic, Mr. John Dudgeon, was equal to the solution of the problem; and her leaks being stopped and pumps started she was soon cleared of water, and by means of the proper application of power was floated, and will be docked, and, it is not impossible, repaired and rendered fit for service.

Now the Southern States, it strikes us, are at this moment in a position which finds its analogy in the condition of the *Independencia*, wrecked, water-logged, and apparently ruined beyond redemption. Blundering violence will be apt to do more harm than good, to aggravate the disease, and to render the case even still more desperate. What is now necessary is not such violence, but the application of an equal amount of good sound sense with that used with the *Independencia*. We believe it quite possible clearly to ascertain what are the causes of trouble at the South, and what are the remedies to be applied, and that they can be applied with a result quite as happy as that in the case of the wrecked iron-clad.

With few diversified industries, and, therefore, with but feeble society life, the South was unable before the war to throw off the disease of slavery, a disease which can only permanently retain its hold upon communities which are poor. The almost entire absence of these indus-

tries deprived her of the presence of a large and powerful middle class—the bulwark and defence of a free State, and the very class which saved the Government of these United States in the hour of its greatest peril. Such being the state of its society it became an easy task for a few infatuated demagogues so to fan the flames as to precipitate a rebellion and a war. As ignorant as their ignorant followers as to what were the prerequisites necessary to the foundation of a great nation, these demagogues never for one moment doubted the successful result of the issue, seeing that they held control of one great staple—cotton, upon the supply of which depended immense interests, as well in the North as in Europe. But, after a bloody struggle of four years, their confederacy went down before the armies of the Union, backed as they were by that intelligent and thoroughly vitalized society of the North, which was the healthy and vigorous offspring of its diversified industries.

The close of the war brought under the control of the Government of the United States a number of conquered States, which, with but limited resources, had made an herculean effort, adopting the business of war and its sustenance, as well-nigh the sole occupation of its people. When, after such an effort, such a people succumb, they must indeed be ruined, and in fact the South surrendered solely because of this ruin.

The American body-politic now presented to view a picture very much akin to that of a body-physical one-half of which is paralyzed, while the other half is thoroughly vitalized. How to vitalize the paralyzed half of this body-politic and bring it up to the same healthy and vigorous condition as that of the other half, was one of the most interesting and important problems ever presented for the consideration of a government. Especially did this question concern the then Finance Minister, Hugh McCulloch. Did he attempt to grapple with it? No! not in the least! So far from doing so he concentrated his thoughts upon certain theories of the schoolmen about money, which theories were so far from being universally accepted as principles that they were entirely repudiated and treated as utterly false by many of the best thinkers and writers upon the subject.

This Finance Minister, placing his theories far above the teachings of the marvellous financial results of the war, as quickly as possible put those theories into practical operation, and it was soon found that even the loyal States were quite unable to pass through the ordeal thus forced upon them, and peace, so far from bringing to them prosperity and happiness, brought to them adversity and misery. But for the prompt intervention of Congress in arresting the Secretary's scheme of the contraction of the currency, a crisis would have occurred as early as 1868.

However, enough was accomplished by Mr. McCulloch to secure not only the prostration of the industries of the people, and to make these people the victims of the usurer, but finally to force the Government itself to rely upon syndicates of foreign bankers to carry that national indebtedness which in the midst of war and destruction had been readily and cheerfully carried at home.\* Eventually the policy culminated in a desolating financial (or rather credit) crisis, with its accompaniments—ruin, stagnation, and widespread misery.

If such have been the results in the more prosperous and wealthy North, what might we expect to find in the prostrate South, which was left at the close of the war almost without any currency whatever? What do we now find there? Ruin, almost without a parallel in the history of the world, to have been accomplished in so brief a period of time—every legitimate interest well nigh without exception destroyed, men of fortune rendered bankrupt, land valueless, taxation in thousands of cases amounting to confiscation, a general state of demoralization, and society being fast resolved into its elements—in a word, all signs pointing to a near approach in a great portion of that country to a condition of things such as has long existed in Ireland, Spain, Sicily, Greece, Mexico, and South America.

But it may, in reply, be said that this state of affairs comes of a change from slavery to freedom, and from the enfranchisement of the freedman.

\* Had Hugh McCulloch been a real statesman, and not a mere empiric in the practice of this most important of all professions, he would clearly have foreseen precisely this result, because he would have known of England's experience in adopting in 1819–23 those very financial theories which he was about to force upon his countrymen. In 1793, Great Britain, under the leadership of William Pitt, declared war against France, and by February 27, 1797, it became necessary for the Bank of England to suspend specie payments. Mr. Pitt subsequently declared that this suspension was to the Government equivalent to "*finding a mountain of gold*," and so it was, for the bank, expanding its circulation and loans, gave prosperity to the people and power to the State. Thus was Great Britain enabled, by 1815, finally to crush the power of Napoleon at Waterloo. But as soon as the pressure of war was removed, the theorists, who had had to content themselves in proclaiming their theories during the continuance of the war, were allowed supreme control over the people, their fortunes, and their happiness. In 1819 Peel's bill for the resumption of specie payments, May 1, 1823, passed, and was followed by immediate and sharp contraction; and the people were ruined by thousands. While from 1816 to 1822 inclusive, the money *annually* applied to the reduction of the public debt averaged over £16,000,000, in 1823 it fell to £7,482,325, and never after rose above that amount, except in 1824, when it was £10,625,059, after which it steadily fell reaching £5606 in 1832, with a deficiency of £12,000,000 in the six years 1837 to 1842 inclusive. Since reaching a "specie basis" in 1823, Great Britain has practically ceased to pay off her public debt. Thus was it but needless cruelty towards the people, and wicked blundering towards the State, for Hugh McCulloch once more to try this already tried experiment upon his countrymen, when he had but to read the terrible story of England's experience, to see how would inevitably come a decline in the people's prosperity, and from it would result the financial weakness of the National Treasury.



It cannot be denied that these changes have had their influence, but the great demoralization of society throughout the South has come of the prostration of nearly every interest and from the extreme difficulty of finding any field for employment which will yield a competency or even a livelihood, just as from like causes brigandage has for centuries been an established institution in Italy, and as the well-known corruption of officials, high and low, in Mexico has long held sway over her destinies.

If then, the causes of the existing condition of things in that unhappy and discontented section of our country be such as are above indicated, what is the remedy? Clearly and beyond a question to set the people to work with the least possible delay, and to keep them at work, to bring their industries finally up to, and even beyond, that condition in which those of the loyal States were found at the close of the war. A policy which will do this will promptly improve, not merely the material, but the moral condition of the people, and will cause the reorganization of society, and in time make those people who compose it as happy, as contented, as loyal, and as true as any in this country, or indeed upon the face of the earth, and no other policy will. The history of mankind from the earliest ages to the present hour, and more especially in modern times, teaches this lesson with so much clearness and force that any one of ordinary intelligence and reading may, upon slight examination, fully satisfy himself of its exact truth.

As there can be no thorough industrial vitality without an entirely adequate supply of money to meet the daily and hourly wants of the active intercourse between man and man, and thus prevent a waste of labor power, the primary step in the great work of regenerating the South is for the people of the whole nation to re-enter upon the exercise of the right to determine by themselves, and for themselves alone, the volume of that money. For as they do not permit Congress to fix a limit to the supply of potatoes, wheat, corn, horses, oxen, cows, or sheep which shall be furnished to the country, so they cannot in justice to themselves permit it to determine how much money shall be, seeing how far more universal is the necessity for this latter, than for any one, or indeed for all of the former combined. Further, to allow any such body to provide by law that "the current money of the realm," the only legal tender, shall consist of gold and silver alone, while that body does not charge itself with the duty of seeing that the country has an adequate supply of these metals, is to submit to even a still deeper injustice than that of a mere fixed and arbitrary limit to the volume of the money, for the reasons that the supply of such metals is notoriously inadequate to the wants of mankind, and that they steadily flow *from* those communi-

ties and countries which are poor and in which they are scarce, to those which are rich and in which they are abundant—thus demonstrating a power in a community or a country to command these metals in an inverse ratio to their necessity for them. If any vested interests are sacrificed by the re-entry of the people upon the exercise of this natural right to determine the quantity and the character of their money, then those vested interests must give way. They should neither in law nor in equity longer be permitted to block the road, for the people have long and sorely suffered, and do now suffer by reason of the withholding from them of this right, and they must in justice to themselves resume it.

The only system ever devised for furnishing a country with a volume of money in exact accordance with the needs of that country—neither in deficiency nor in excess—is that by which it is proposed that the public debt of the United States shall be converted into bonds bearing 3.65 per cent interest, and legal-tender notes interchangeable with each other at the pleasure of the holder. It has been well and truly said that “*in the interchangeability, at the option of the holder, of national paper money with government bonds bearing a fixed rate of interest, there is a subtle principle that will regulate the movements of finance and commerce as accurately as the motion of the steam-engine is regulated by its governor. Such paper money tokens would be much nearer perfect standards of payment than gold and silver ever have been or ever can be. The use of gold or other merchandise as money is a barbarism unworthy of the age.*”

In conclusion, let it again and most earnestly be urged that we do not permit ourselves or our government to be guilty of any ignorant and blundering violence in the treatment of the South in its present abnormal and demoralized condition, but that we rather look into the special features of the case, and endeavor to ascertain the causes at work in producing its diseases, and then apply an equal measure of good sound sense with that applied to the Independencia, and we may fully depend upon it that the effect will be equally happy. Let us bear in mind that we at the North are at this very hour suffering from a great and growing corruption and demoralization in our own midst, and that it is therefore quite within the range of possibility that such intelligent treatment as is intended to meet the case of the South alone, may even at the same time prove to be the very remedy needed for ourselves, and that it may thus become that good which “blesseth him that gives as well as him that takes.”

HENRY CAREY BAIRD.

PHILADELPHIA, Oct. 13, 1874.

